Scotiabank

Investor Presentation
First Quarter, 2007

March 6, 2007

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This document includes forward-looking statements which are made pursuant to the "safe harbour" provisions of the United States Private Securities Litigation Reform Act of 1995 and any applicable Canadian securities legislation. These statements include comments with respect to the Bank's objectives, strategies to achieve those objectives, expected financial results (including those in the area of risk management), and the outlook for the Bank's businesses and for the Canadian, United States and global economies. Forward-looking statements are typically identified by words or phrases such as "believe," "expect," "anticipate," "intent," "estimate," "plan," "may increase," "may fluctuate," and similar expressions of future or conditional verbs, such as "will," "should," "would" and "could."

By their very nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, and the risk that predictions and other forward-looking statements will not prove to be accurate. The Bank cautions readers not to place undue reliance on these statements, as a number of important factors could cause actual results to differ materially from the estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to, the economic and financial conditions in Canada and globally; fluctuations in interest rates and currency values; liquidity; the effect of changes in monetary policy; legislative and regulatory developments in Canada and elsewhere; operational and reputational risks; the accuracy and completeness of information the Bank receives on customers and counterparties; the timely development and introduction of new products and services in receptive markets; the Bank's ability to expand existing distribution channels and to develop and realize revenues from new distribution channels; the Bank's ability to complete and integrate acquisitions and its other growth strategies; changes in accounting policies and methods the Bank uses to report its financial condition and the results of its operations, including uncertainties associated with critical accounting assumptions and estimates; the effect of applying future accounting changes; global capital markets activity; the Bank's ability to attract and retain key executives; reliance on third parties to provide components of the Bank's business infrastructure; unexpected changes in consumer spending and saving habits; technological developments; consolidation in the Canadian financial services sector; changes in tax laws; competition, both from new entrants and established competitors; judicial and regulatory proceedings; acts of God, such as earthquakes; the possible impact of international conflicts and other developments including terrorist acts and war on terrorism; the effects of disease or illness on local, national or international economies; disruptions to public infrastructure, including transportation, communication, power and water; and the Bank's anticipation of and success in managing the risks implied by the foregoing. A substantial amount of the Bank's business involves making loans or otherwise committing resources to specific companies, industries or countries. Unforeseen events affecting such borrowers, industries or countries could have a material adverse effect on the Bank's financial results, businesses, financial condition or liquidity. These and other factors may cause the Bank's actual performance to differ materially from that contemplated by forward-looking statements. For more information on risks the Bank faces, please see the Risk Management section in the Bank's 2006 Annual Report.

The Bank cautions that the foregoing list of important factors is not exhaustive. When relying on forward-looking statements to make decisions with respect to the Bank and its securities, investors and others should carefully consider the foregoing factors, other uncertainties and potential events. The Bank does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by or on behalf of the Bank.

Additional information relating to the Bank, including the Bank's Annual Information Form, can be located on the SEDAR website at www.sedar.com, and on the EDGAR section of the Securities and Exchange Commission's (SEC) website at www.sec.gov.

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Overview

Rick Waugh
President & Chief Executive Officer

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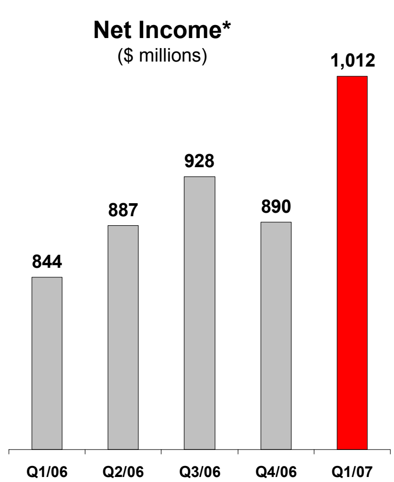
Q1/07 – billion dollar quarter



		Change	
		Yr/Yr	**Qtr/Qtr**
Net income*	$1,012	20%	14%
EPS	$1.01	20%	13%
ROE	23.0%	140 bp	190 bp
Productivity ratio	53.6%	**(160) bp**	**(330) bp**

* available to common shareholders

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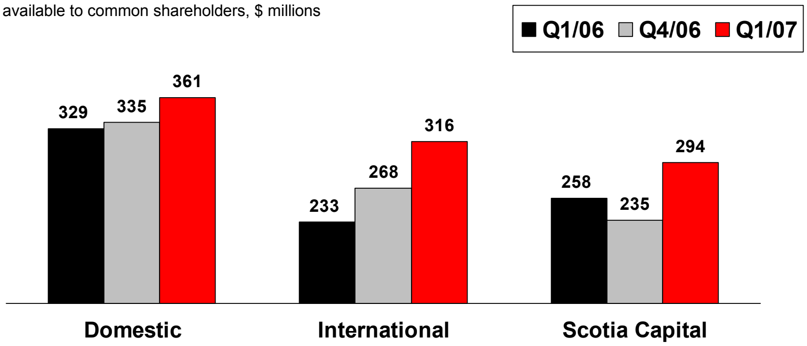
Earnings growth across all business lines

net income available to common shareholders, $ millions



Domestic: Robust asset and deposit growth, and strong results in wealth management.
International: Record net income driven by Mexico, positive earnings impact of acquisitions and well-controlled expenses.

Scotia Capital: Record net income driven by higher lending volumes in all regions and continued favourable credit conditions, partly offset by lower trading revenues

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Positive operating leverage

Q1/07 vs. Q1/06 (TEB)

	Revenue Growth	Expense Growth	Operating Leverage
Domestic	6.5%	4.4%	2.1%
International	30.0%	24.2%	5.8%
Scotia Capital	1.8%	2.3%	(0.5)%
All - Bank	13.6%	10.4%	3.2%

Well positioned to meet 2007 performance objectives

	Q1/07		Objective
EPS Growth	20%	vs.	7-12%
ROE	23.0%	vs.	20-23%
Productivity	53.6%	vs.	<58%

Performance Review

Luc Vanneste
Executive Vice-President &
Chief Financial Officer

Impact of new accounting standards Increase in common shareholders' equity

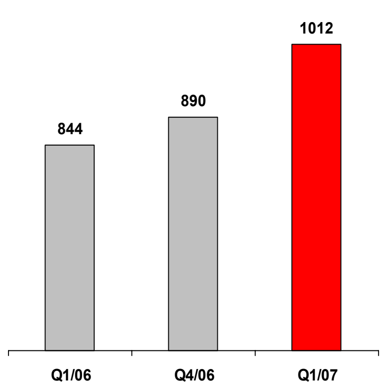
$ millions

		Book Value Per Share
Opening balance – common shareholders' equity	16,947	$17.13
Net income less dividends	596	
Accumulated Other Comprehensive Income	**753**	
Favourable foreign exchange movements	522	
Other items	32	
Total change – common shareholders' equity	1,903	$1.86
Ending balance – common shareholders' equity	18,850	$18.99

- Impact of +$8 million (after tax) on income statement in Q1/07
- Increases to certain balance sheet items:
  - Securities: up $1.2 billion
  - Accumulated Other Comprehensive Income: up $753 million (after tax)

Financial Performance Overview

Net Income*
($ millions)



Q1/07 vs. Q1/06 net income: up 20%
- Total revenues up 14%
- Expenses up 10%
- Favourable credit conditions – lower provisions for credit losses and higher interest recoveries

Q1/07 vs. Q4/06 net income: up 14%
- Revenues up 7%
- Expenses up 1%
- Higher provisions for credit losses - general allowance reversal in Q4/06

* available to common shareholders

Strong revenue growth – up 14% vs. Q1/06

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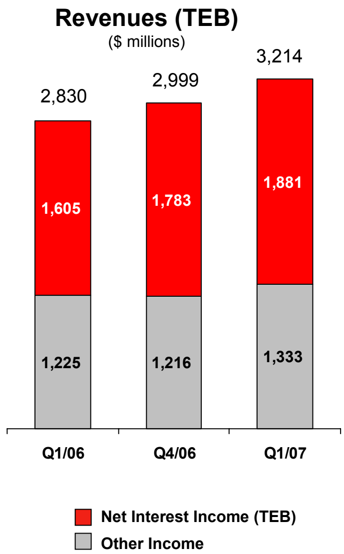

Q1/07 vs. Q1/06 revenues: up 14%

- Broad-based asset growth, in part from recent acquisitions
- Increased securities gains and higher underwriting and brokerage fees
- Partly offset by margin compression, lower trading revenue

Q1/07 vs. Q4/06 revenues: up 7%

- Volume growth in retail lending in Canada, Mexico, Caribbean and Central America
- Higher securities gains and increased revenues from retail brokerage, cards, investment banking and trading

Strong asset growth

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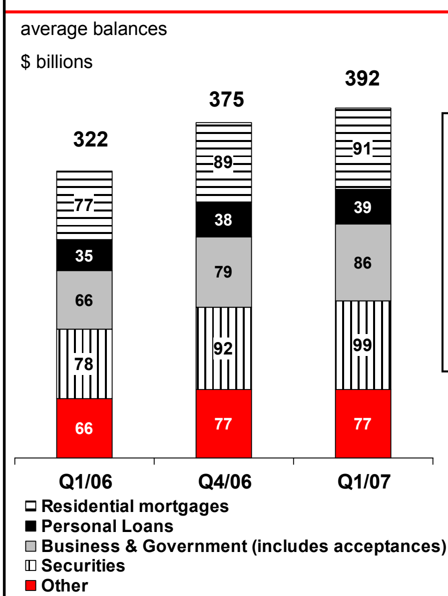
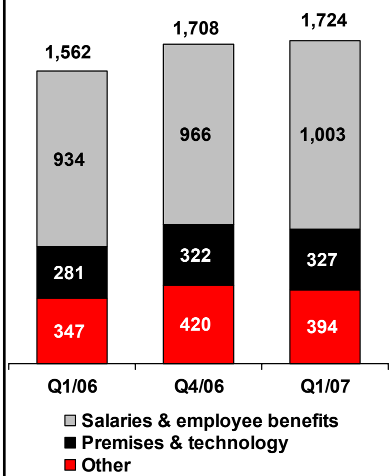


Year-over-year growth

- **Total Assets: + 21%**
- **Residential mortgages: +19%**
- **Personal loans: +11%**
- **Business & government: +30%**
- **Securities: +26%**

Expenses flat quarter over quarter

Non-interest expenses
($ millions)



Q1/07 vs. Q1/06 expenses: up 10%

- 60% of increase due to acquisitions
- Remaining increase due primarily to:
  - higher salaries and benefits costs
  - increased premises, data processing and advertising expenses to support business growth initiatives

Q1/07 vs. Q4/06 expenses: up 1%

- Salary increases and higher performance-based compensation reflecting record Q1/07 results
- Lower seasonal spending in some categories

Scotiabank Mexico Contribution

Scotiabank Mexico Contribution ($ mm)	Q1/07	Q4/06	Q1/06
Net income in pesos, excluding inflation accounting	956	1,081	1,404
MXP/CAD exchange rate	9.5	9.8	9.1
Net income in CAD, excluding inflation accounting	$101	$111	$154
BNS' share (97%)	$98	$108	$150
Canadian GAAP and acquisition adjustments	$43	$3	$(12)
Total contribution in CAD	$141	$111	$138

- **Year/Year – contribution up 2%**; very strong retail volume growth and higher fee income offset by branch expansion costs, higher advertising expenses, and other business initiatives
- **Qtr/Qtr – contribution up 27%**; good retail volume growth, and lower performance-based compensation

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Domestic Banking

Chris Hodgson

Executive Vice President
Domestic Personal Banking

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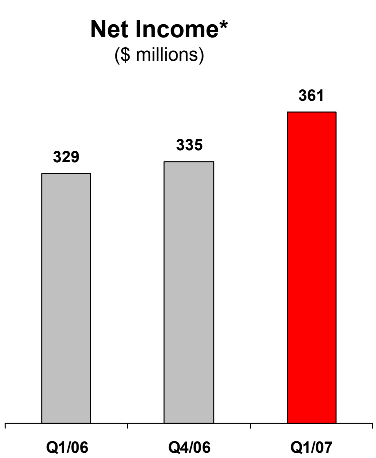
Domestic Banking
Solid earnings growth



* available to common shareholders

Q1/07 vs. Q1/06 net income: up 10%
- Revenues up 7% from strong volume growth & higher fee income
- Expenses up 4% largely due to acquisitions and growth initiatives
  - higher performance-based compensation, partly offset by lower pension & benefit costs
- Loan losses up modestly consistent with strong asset growth in retail portfolio

Q1/07 vs. Q4/06 net income: up 8%
- Revenues up 1%
- Expenses down 5% due mostly to seasonal declines, partly offset by higher performance-based compensation & advertising expenses
- Loan losses up from low levels in Q4/06

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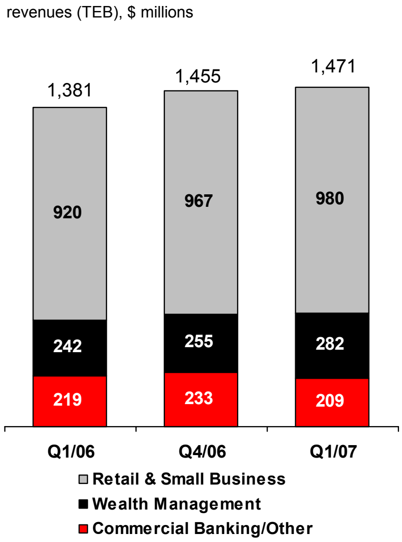
Domestic Banking
Solid revenue growth



<u>Q1/07 vs. Q1/06 revenues: up 7%</u>

Retail & Small Business: up 6%

- Strong asset and deposit growth
  - mortgages up $13 billion or 17%
  - personal deposits up $5 billion or 7%
  - business deposits up $5 billion or 15%
- Lower margin

Wealth Management: up 17%

- Increased mutual fund and retail brokerage revenues

<u>Q1/07 vs. Q4/06 revenues: up 1%</u>

- Average assets up 1%, deposits up 2%
- Other income up 4% from broad-based growth

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Domestic
Update on 2007 priorities

- Drive sustainable revenue growth
  - > greater emphasis on investment products
    - **net mutual fund sales exceeded $1 billion for the first four months versus net redemptions last year**
    - **market share growth in personal term deposits – up 52 bp yr/yr**
- Expand distribution and sales capacity
  - > plan to open 35 new branches (opened 15 in 2006)
    - opened 5 new branches during Q1/07
  - > plan to add 300+ new sales staff
    - added 50 Financial Advisors in branches

Improve earnings momentum

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International Banking

Rob Pitfield

Executive Vice President
International Banking

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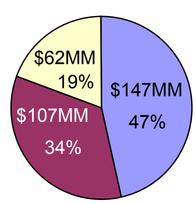
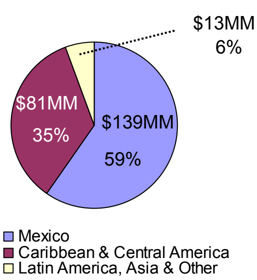
International Banking Changing Regional Mix

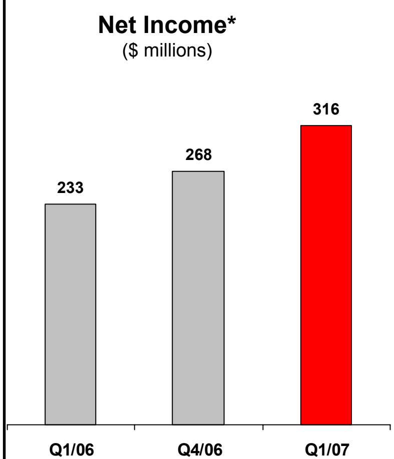
Q1/07
Net Income - $316MM



Q1/06
Net Income - $233MM



International Banking
Robust Growth

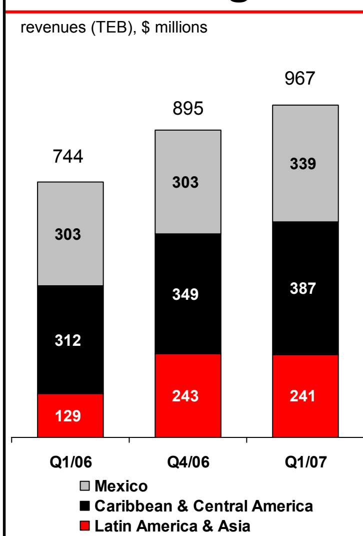


* available to common shareholders

Q1/07 vs. Q1/06 net income: up 36%
- Revenues up 30% from positive impact of acquisitions in Peru, Caribbean & Central America combined with strong organic growth
- Expenses up 24%, or 5% excluding acquisitions
  - higher costs related to the opening of 53 Mexican branches in past year and ongoing business growth initiatives
  - partly offset by lower litigation expenses
- Lower loan losses due to large provision taken in Q1/06 against commercial loan in Asia
- Higher tax rate due to increased earnings from higher tax jurisdictions

Q1/07 vs. Q4/06 net income: up 18%
- Revenues up 8% on broad-based loan growth and positive impact of acquisitions
- Expenses up 1%, or down 2% excluding acquisitions
- Higher loan losses due to increases in the Caribbean from low levels in Q4/06

International Banking
Higher revenues in Mexico, C&CA



Q1/07 vs. Q1/06 revenues: up 30%
- **Mexico revenues up 12%** on strong asset growth, higher brokerage, trust and credit card fees
- **Caribbean & Central America revenues up 24%** driven by:
  - acquisitions in Costa Rica and Dominican Republic
  - strong organic loan growth, particularly in Puerto Rico, Bahamas, T&T
- **Latin America & Asia up 86%** due to Peru acquisitions

Q1/07 vs. Q4/06 revenues: up 8%
- **Mexico up 12%** on volume growth, positive f/x impact
- **Caribbean & Central America up 11%** on asset growth, full quarter of Interfin acquisition, positive f/x impact
- **Latin America & Asia revenues down 1%** as Q4/06 included gain on sale of a foreclosed asset in Asia

International
Update on 2007 priorities

- Drive sustainable revenue growth
  > Pursue additional acquisition opportunities
    - increase presence in existing markets
      - $US 94 million for 10% stake in First BanCorp (Puerto Rico)
    - target complementary businesses: insurance & wealth management
      - acquisition of 68% of Dehring Bunting & Golding in Jamaica
- Aggressively expand distribution network
  > add 125 new branches (85 in Mexico) & 100 ABMs
    - **opened 17 new branches**

Continue double-digit earnings growth

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Stephen McDonald

Co-Head
Scotia Capital

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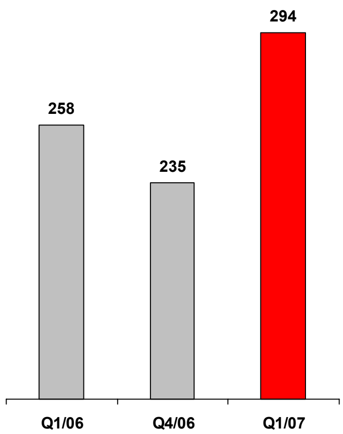
Scotia Capital Record quarter

Net Income*
($ millions)



* available to common shareholders

Q1/07 vs. Q1/06 net income: up 14%
- Revenues up 2%, higher lending volumes partly offset by lower trading compared to record Q1/06
- Expenses up 2% due to higher compensation and technology costs
- Increased loan loss recoveries mainly in the U.S.

Q1/07 vs. Q4/06 net income: up 25%
- Revenues up 10% due to higher lending volumes, interest recoveries and increased trading revenues
- Expenses up 20% due to higher performance-based and other compensation
- Loan loss recoveries vs. provision in Q4/06, no new provisions in the quarter

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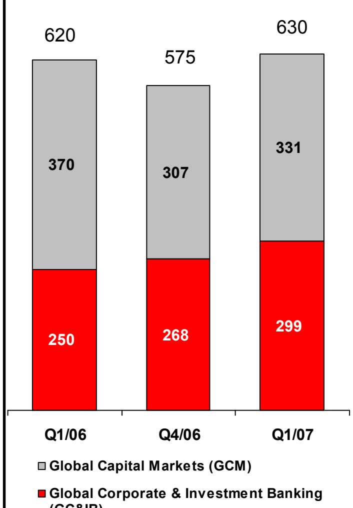
Scotia Capital revenues - Strong loan volume growth, lower trading

revenues (TEB), $ millions



Q1/07 vs. Q1/06 revenues: up 2%

Global Corporate & Investment Banking: up 20%
- Higher loan volumes: up 33%
  - Canada up $4 billion or 37%
  - U.S. up $3 billion or 38%
  - Europe up $700 million or 16%
- Greater interest recoveries from impaired loans
- Increased investment banking revenues
- Higher securities gains

Global Capital Markets: down 11%
- Strong results in foreign exchange, precious metals
- More than offset by declines in trading, particularly derivatives & equity, from record results in Q1/06

Q1/07 vs. Q4/06 revenues: up 10%
- Higher equity trading, foreign exchange and precious metals revenues
- Increased interest recoveries
- Partly offset by lower advisory fees, lower spreads

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Update on 2007 priorities

- Enhance NAFTA platform with additional product capabilities
  - adding Global Transaction Banking capabilities
- Build additional global specializations
  - leverage Waterous & Co. acquisition to enhance cross-sell in Oil & Gas – strong pipeline
  - develop or acquiring expertise in targeted industries – hired mining team
  - increase business with alternative asset managers – business infrastructure has been developed
- Maintain strong credit discipline

Deliver sustainable earnings growth with high ROE

Risk Review

Brian Porter
Chief Risk Officer

Favourable credit conditions

$ millions

		Change	
		Yr/Yr	Qtr/Qtr
Provision for Credit Losses (PCL)	63	(12)	31
Specific Provisions	63	(12)	(29)
Net Impaired Loans*	579	(80)	9

- General Allowance: $1,323 million
  - $16 million increase from Costa Rica acquisition
- $1.5 billion of credit protection in place

* after specific allowance for credit losses

Credit losses remain moderate

$ millions		Change	
		Yr/Yr	Qtr/Qtr
Domestic:			
- Retail Banking	71	8	13
- Commercial	3	2	3
	74	10	16
International:			
- Mexico	4	(8)	2
- Caribbean & Central America	10	8	4
- Latin America & Asia	5	(8)	5
	19	(8)	11
Scotia Capital:			
- U.S.	(29)	(17)	(46)
- Canada & Other	(1)	3	(10)
	(30)	(14)	(56)
Other	-	-	-
Total Specific Provisions	63	(12)	(29)
Reversal of General Allowance	**-**	**-**	**60**
Total	**63**	**(12)**	**31**

Net impaired loan formations in Q1/07

$ millions

Domestic:		
- Retail	81	
- Commercial	6	**87**
International:		
- Mexico	36	
- Caribbean & Central America	10	
- Latin America & Asia	19	**65**
Scotia Capital:		
- U.S.	(33)	
- Canada & Other	(42)	**(75)**
Total		**77**

Domestic Retail: formations in line with strong volume growth; underlying credit trends remain strong

Domestic Commercial: stable credit quality

International: formations primarily in retail portfolios across the division. Overall credit quality trends remain stable.

Scotia Capital: sale of one account in the U.S., declassification of 2 accounts in Europe

Formations down $92 million vs. Q4/06

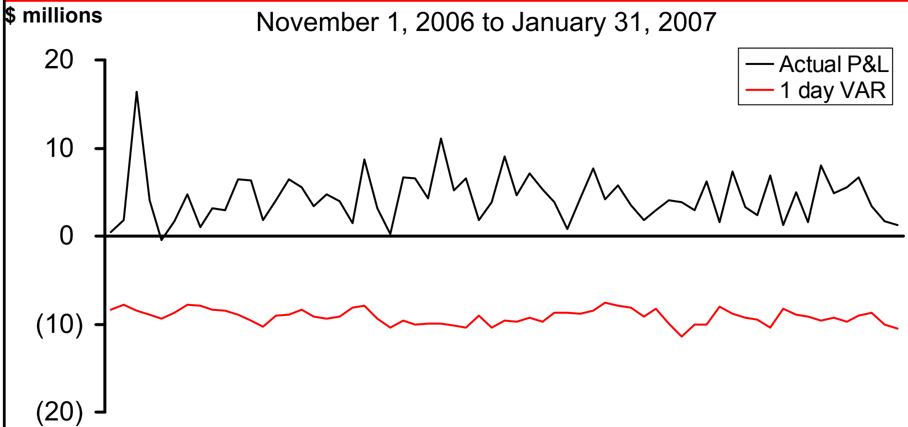
Trend in net impaired loan formations by business line

$ millions

	Q1/06	Q2/06	Q3/06	Q4/06	Q1/07
Domestic:					
Retail	106	73	76	77	81
Commercial	(3)	44	20	29	6
	103	117	96	106	87
International					
Retail	44	43	52	70	74
Commercial	38	(34)	(31)	(43)	(9)
	82	9	21	27	65
Scotia Capital	(78)	(115)	(98)	36	(75)
	107	**11**	**19**	**169**	**77**

Market risk well controlled

November 1, 2006 to January 31, 2007



- Q1/07: Average 1 day VAR: $9.2 mm vs. $10.1 mm in Q4/06
- Q1/07: No loss days exceeded the 1 day VAR

Strong risk controls over hedge fund credit exposures

$ millions

	Nature of Credit Exposure	Jan 31/07
Prime Brokerage	Secured lending transactions	$485
Derivatives	Credit equivalent amount related to capital markets trading	$548
Liquidity	Short-term, secured loans	$31

Credit exposures subject to Board-approved limits

Outlook

Rick Waugh
President & Chief Executive Officer

Strong start to 2007

- Billion dollar quarter, earnings up 20% vs. Q1/06
- High ROE of 23%
- Growth in all three business lines
- Strong organic asset and deposit growth, as well as growth in fee-based businesses
- Positive contribution from acquisitions; continue to pursue acquisition opportunities
- Well positioned to achieve 2007 performance objectives

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Appendix

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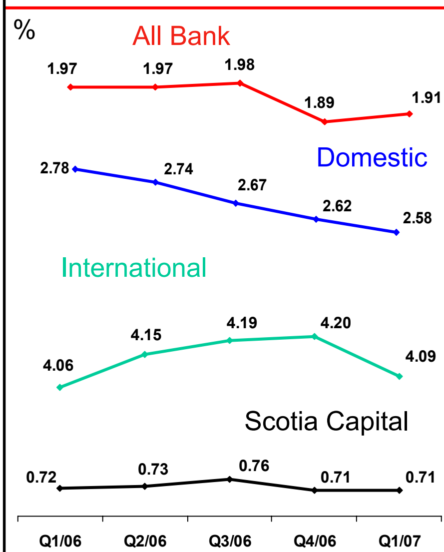
Net interest margin



<u>All-Bank margin: +2 bps qtr/qtr</u>
- higher margins in Group Treasury
- higher proportion of International assets

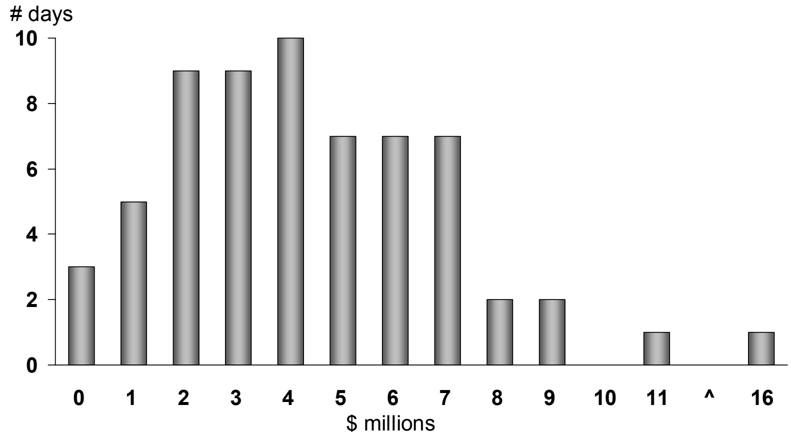
Domestic margin: - 4 bps qtr/qtr
- primarily from strong mortgage growth at relatively narrower spreads, higher deposit rates

International margin: - 11 bps qtr/qtr
- narrower spreads in C&CA, Chile
- partly offset by higher spreads in Mexico, Asia

Scotia Capital margin: flat qtr/qtr
- tighter loan spreads offset by interest recoveries

Low variability of trading revenue

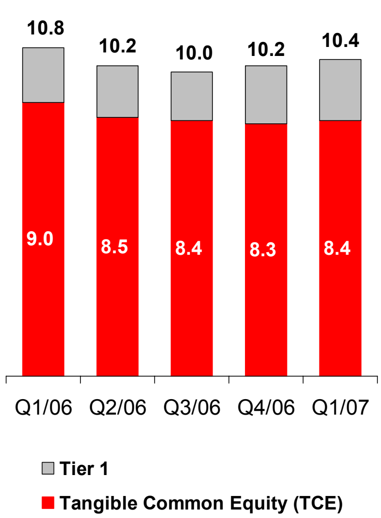
trading revenue, Q1/07



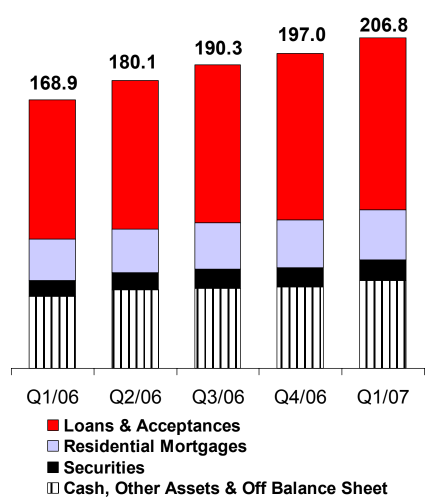
98% days had positive results in Q1/07 vs. 95% in Q4/06

Strong capital ratios – despite growth in risk-weighted assets

% of risk-weighted assets



$ billions



High level of unrealized securities gains

$ millions

	Q1/07	Q4/06	Q1/06
Emerging Market Debt	714	683	709
Fixed Income	(127)	(113)	(57)
Equities	574	521	543
	1,161	**1,091**	**1,195**